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FOR IMMEDIATE RELEASE CONTACT:
AUGUST 11, 2003

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**LAWYER AND ALBANY LOBBYIST PLEADS GUILTY TO FEDERAL
CHARGES OF CONSPIRING TO ASSIST BRIBERY SCHEME**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that RONALD F. HARNISCH, an attorney and lobbyist, pled guilty today in White Plains federal court to a one-count Information charging him with participation in a conspiracy with JAMES MCGOWAN, the former New York State Labor Commissioner, and JOHN SEGRETI, a businessman who owns driver training schools, to steer public grant money from the New York State Department of Labor to SEGRETI'S companies.

HARNISCH admitted today before United States Magistrate Judge LISA MARGARET SMITH that he created a fictitious corporate entity to act as a conduit for grant money administered by the New York State Department of Labor, and which funneled grant money to SEGRETI. During his plea allocution, HARNISCH also implicated one of SEGRETI'S employees in the scheme. HARNISCH further admitted that he knew that MCGOWAN and SEGRETI had struck a deal whereby MCGOWAN was given a secret interest in SEGRETI'S

company while he was improperly using his official position as Labor Commissioner to steer grant money to SEGRETI.

MCGOWAN and SEGRETI are awaiting trial on a separate Indictment charging that SEGRETI made bribe payments to MCGOWAN in exchange for MCGOWAN's efforts to steer federal grant monies towards SEGRETI and his companies, which include National Traffic Safety Institute Corporation ("NTSI"), NTSI of Staten Island and Drive Safe New York, d/b/a New York Safety Training.

According to the Indictment, returned on January 28, 2003, SEGRETI directly and indirectly made bribe payments to MCGOWAN, and in exchange MCGOWAN: (1) provided SEGRETI with advanced notice of anticipated Department of Labor grant provisions, which provisions were not yet available to the public; (2) pressured employees of the Department of Motor Vehicles to expedite a request that SEGRETI had before that agency; (3) introduced SEGRETI to a major recipient of federal and state grant monies and urged that recipient to utilize SEGRETI's companies as a subcontractor; (4) added driver education components to Requests For Proposals pertaining to Department of Labor grants; (5) rejected a Department of Labor funding committee's recommendations regarding the funding of a grant to be awarded by the Department, in part, to direct additional grant monies to a party that had agreed to use SEGRETI's companies as a subcontractor; and (6) pressured an employee of the New York State Department of Education to expedite a request that SEGRETI had pending before that agency.

The trial is scheduled to begin before U.S. District Court Judge CHARLES L. BRIEANT on October 14, 2003. There is a pretrial conference scheduled for September 15, 2003.

HARNISCH, 60, of Belle Harbor, New York, is scheduled to be sentenced in federal court in White Plains on December 5, 2003, at 9:30 A.M. The maximum penalty for the conspiracy charged is 5 years imprisonment and a fine in the amount of the greatest of \$250,000, or twice the gross gain or loss resulting from the crime. HARNISCH must also pay restitution for the loss caused by the fraud.

Mr. COMEY said that the plea was the result of a joint investigation by the United States Department of Labor's Office of Inspector General and the Employee Benefits Security Administration, the Internal Revenue Service, Criminal Investigation Division and Examination Division, and the New York State Inspector General, and praised the efforts of all five agencies. He said the investigation is continuing.

Assistant United States Attorneys CYNTHIA K. DUNNE and PERRY A. CARBONE are in charge of the prosecution.